

MATRIX CONCEPTS HOLDINGS BERHAD
 (Incorporated in Malaysia-Co. No. 199601042262)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (1ST QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	CHANGES	
	30 September 2021 RM'000	30 September 2020 RM'000	Amount RM'000	%	30 September 2021 RM'000	30 September 2020 RM'000	Amount RM'000	%
Revenue	239,476	262,012	(22,536)	(8.6)	402,913	424,036	(21,123)	(5.0)
Cost of Sales	(125,566)	(118,492)	(7,074)	6.0	(208,463)	(195,478)	(12,985)	6.6
Gross Profit	113,911	143,520	(29,609)	(20.6)	194,451	228,558	(34,107)	(14.9)
Other Income	2,733	2,536	197	7.8	3,892	4,470	(578)	(12.9)
Selling and Marketing Expense:	(19,325)	(15,943)	(3,382)	21.2	(34,662)	(34,124)	(538)	1.6
Administrative and general expenses	(26,826)	(27,469)	643	(2.3)	(50,416)	(53,382)	2,966	(5.6)
Operating Profit	70,493	102,644	(32,151)	(31.3)	113,265	145,522	(32,257)	(22.2)
Finance Costs	(650)	(40)	(610)	1,525.0	(1,412)	(190)	(1,222)	643.2
Share of results in joint venture, net of tax	524	-	524	-	1,194	-	1,194	-
Profit Before Taxation	70,367	102,604	(32,237)	(31.4)	113,047	145,332	(32,285)	(22.2)
Income Tax Expenses	(19,953)	(29,126)	9,173	(31.5)	(32,157)	(41,953)	9,796	(23.4)
Profit After Taxation	50,414	73,478	(23,064)	(31.4)	80,890	103,379	(22,489)	(21.8)
Other Comprehensive Income								
- Foreign Currency Translation Differences	(296)	(8,817)	8,521	(96.6)	(1,948)	18,148	(20,096)	(110.7)
Total Comprehensive Income For The Period	50,118	64,661	(14,543)	(22.5)	78,942	121,527	(42,585)	(35.0)
Profit After Taxation attributable to :								
Equity Holders of the Company	51,797	75,063	(23,266)	(31.0)	83,488	106,118	(22,630)	(21.3)
Non-controlling Interest	(1,383)	(1,585)	202	(12.7)	(2,598)	(2,739)	141	(5.1)
	50,414	73,478	(23,064)	(31.4)	80,890	103,379	(22,489)	(21.8)
Total Comprehensive Income attributable to :								
Equity Holders of the Company	51,501	66,246	(14,745)	(22.3)	81,540	124,266	(42,726)	(34.4)
Non-controlling Interest	(1,383)	(1,585)	202	(12.7)	(2,598)	(2,739)	141	(5.1)
	50,118	64,661	(14,543)	(22.5)	78,942	121,527	(42,585)	(35.0)
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	6.21	9.00	(2.79)	(31.0)	10.01	12.72	(2.71)	(21.3)
- Diluted (sen)	6.21	9.00	(2.79)	(31.0)	10.01	12.72	(2.71)	(21.3)

Note:

- The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2021 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30 September 2021 RM'000	(AUDITED) As at 31 March 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	235,321	239,982
Right-of-use assets	3,286	3,620
Investment properties	96	132
Investment in joint venture company	137,926	133,232
Inventories	749,898	685,108
Other receivables, deposits and prepayments	36,759	34,156
Deferred tax assets	42,412	37,583
Goodwill arising on consolidation	*	*
	1,205,698	1,133,813
Current assets		
Inventories	514,916	618,019
Trade and other receivables	518,060	620,602
Deposits, cash and bank balance	189,382	237,507
	1,222,358	1,476,128
TOTAL ASSETS	2,428,056	2,609,941
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,315
Translation reserves	(1,014)	934
Retained profits	878,917	845,486
	1,839,218	1,807,735
Non-controlling interest	(13,841)	(11,243)
TOTAL EQUITY	1,825,377	1,796,492
Non-current liabilities		
Borrowings	157,540	185,686
Lease liabilities	2,132	2,388
Other payables, deposits, accruals and provision	25,663	21,175
	185,335	209,249
Current liabilities		
Trade and other payables	297,864	430,976
Borrowings	99,382	139,833
Lease liabilities	1,031	1,105
Dividend payable	16,685	25,027
Current tax liabilities	2,382	7,259
	417,344	604,200
TOTAL LIABILITIES	602,679	813,449
TOTAL EQUITY AND LIABILITIES	2,428,056	2,609,941
Net Assets Per Share (RM) (Note 2)	2.19	2.15

Notes:

* Represents RM1.00.

- The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2021 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 834,232,356 (FYE2021: 834,232,356) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Translation Reserves RM'000	Retained Profits RM'000	Attributable To Owner of The Company RM'000	Non-Controlling Interest RM'000	Total RM'000
<u>6 months ended 30 September 2020 (Unaudited)</u>						
As at 1 April 2020	961,280	(27,007)	670,857	1,605,130	(2,102)	1,603,028
Profit after taxation for the period	-	-	106,118	106,118	(2,739)	103,379
Other comprehensive income for the period - Foreign currency translation differences	-	18,148	-	18,148	-	18,148
Total comprehensive income for the period	-	18,148	106,118	124,266	(2,739)	121,527
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-
- Dividends	-	-	(37,541)	(37,541)	-	(37,541)
- Exercise of Warrants	35	-	-	35	-	35
- Private Placement	-	-	-	-	-	-
Total transactions with owners	35	-	(37,541)	(37,506)	-	(37,506)
As at 30 September 2020	961,315	(8,859)	739,434	1,691,890	(4,841)	1,687,049
<u>6 months ended 30 September 2021 (Unaudited)</u>						
As at 1 April 2021	961,315	934	845,486	1,807,735	(11,243)	1,796,492
Profit after taxation for the year	-	-	83,488	83,488	(2,598)	80,890
Other comprehensive income for the year - Foreign currency translation differences	-	(1,948)	-	(1,948)	-	(1,948)
Total comprehensive income for the year	-	(1,948)	83,488	81,540	(2,598)	78,942
Contribution by and distribution to owners of the Company						
- Dividends	-	-	(50,057)	(50,057)	-	(50,057)
- Exercise of Warrants	-	-	-	-	-	-
Total transactions with owners	-	-	(50,057)	(50,057)	-	(50,057)
As at 30 September 2021	961,315	(1,014)	878,917	1,839,218	(13,841)	1,825,377

Notes:

* Represents RM300.00.

1. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 March 2021

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 September 2021 RM'000	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 September 2020 RM'000
Cash Flow From Operating Activities		
Profit before income tax	113,047	145,332
Adjustments for :-		
Depreciation of property, plant and equipment and right of use assets	5,454	5,651
Depreciation of investment property	2	2
Interest expenses	3,037	3,255
Interest income	(877)	(2,114)
Gain on disposal of investment property	(33)	(17)
Gain on disposal of property, plant and equipment	(209)	-
Share of results in joint venture, net of tax	(1,194)	-
Operating profit before working capital changes	119,227	152,109
Decrease/(Increase) in inventories	27,853	(136,566)
Decrease in receivables	189,139	186,555
Decrease in payables	(206,204)	(114,576)
Cash generated from operations	130,016	87,522
Interest received	877	2,114
Interest paid	(8,688)	(9,350)
Tax paid	(41,861)	(42,640)
Net cash generated from operating activities	80,344	37,646
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(298)	(244)
Withdrawal of deposits with licensed bank more than 3 months	26,057	7,117
Purchase of property, plant and equipment	(621)	(1,763)
Proceed from disposal of property, plant and equipment	370	-
Proceed from disposal of investment property	66	33
Net cash generated from investing activities	25,575	5,143
Cash Flow From Financing Activities		
Proceed from issuance of share	-	35
Advance from non-controlling interest shareholders	4,487	1,510
Dividend paid	(58,396)	(45,882)
Drawdown of borrowings	-	6,302
Repayment of term loan	(68,555)	(31,022)
Repayment of lease liabilities	(330)	(188)
Net cash used in financing activities	(122,794)	(69,245)
Net changes in cash and cash equivalents	(16,876)	(26,456)
Effect of exchange rate fluctuations on cash held	(5,448)	11,264
Cash and cash equivalents at beginning of the year	185,567	241,462
Cash & cash equivalents at end of the year	163,243	226,270
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	189,382	261,305
Less : Fixed Deposit Pledged	(26,139)	(24,556)
	163,243	236,749
Bank overdrafts	-	(10,479)
	163,243	226,270

Note:

* Represents RM300.00.

1. The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2021 and the accompanying explanatory notes attached to this interim financial statements.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with MFRS134 “Interim Financial Reporting” and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad (“**Company**”) and its subsidiaries (“**Group**”) for the financial year ended (“**FYE**”) 31 March 2021 and the explanatory notes attached therein. These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 March 2021.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the FYE 31 March 2021.

During the interim financial statement, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments), if any :-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

MFRS 123 : Borrowing Costs relating to over time transfer of constructed Good (Agenda Decision 4 (“AD4”))

In March 2019, IFRS Interpretations Committee (“IFRS”) concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method ie receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

The Group opts for early adoption of AD4 during the financial year and has assessed and concluded that the early adoption does not have any significant impact to the financial performance or position of the Group that required retrospective adjustments.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period :-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

A2. Seasonal or cyclical factors

The results for the current financial quarter ended 30 September 2021 under review and the financial year-to-date were not materially affected by seasonal or cyclical factors.

A3. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 30 September 2021 under review and the financial year-to-date.

A4. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 30 September 2021 under review and the financial year-to-date.

A5. Issuance, cancellations, repurchase, resale and repayments of debts and equity securities

There was no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the financial quarter ended 30 September 2021 under review.

A6. Dividends Paid

During the financial quarter ended 30 September 2021 under review, the Company had closed its books for its first interim single tier dividend of 2.00 sen per Matrix Concepts Share for the FYE 31 March 2022. The first interim single tier dividend was paid on 7 October 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 23 September 2021.

Please refer to Note B10 on dividends declared.

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A7. Segmental Information

The segment revenue and segment results for business segments for the current financial year to date are as follows:

	Property development	Construction	Education	Hospitality	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue						
Sale of properties	388,202	-	-	-	-	388,202
Construction / Inter-segment sales	-	100,747	-	-	(100,747)	-
School fees	-	-	5,867	-	-	5,867
Clubhouse and hotel operator	-	-	-	7,765	-	7,765
Others	1,080	-	-	-	-	1,080
Total	389,282	100,747	5,867	7,765	(100,747)	402,914
Other income						
Rental income	2,272	-	-	-	-	2,272
Others	362	854	310	94	-	1,620
Total	2,634	854	310	94	-	3,892
Results						
Segment results	101,359	7,199	(3,376)	2,044	6,039	113,265
Finance costs						(1,412)
Share of results in Joint venture, net of tax						1,194
Profit before tax						113,047
Taxation						(32,157)
Net profit for the period						80,890

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A7. Segmental Information (Cont.)

For comparison purposes, the segment revenue and segment results for business segments for the corresponding 6-month financial period ended 30 September 2020 are as follows:

	Property development	Construction	Education	Hospitality	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Sale of properties	409,549	-	-	-	-	409,549
Construction / Inter-segment sales	-	201,390	-	-	(201,390)	-
School fees	-	-	6,456	-	-	6,456
Clubhouse and hotel operator	-	-	-	8,031	-	8,031
Others	-	-	-	-	-	-
Total	409,549	201,390	6,456	8,031	(201,390)	424,036
Other income						
Rental income	866	18	67	-	-	951
Others	2,518	247	138	616	-	3,519
Total	3,384	265	205	616	-	4,470
Results						
Segment results	115,634	31,751	(3,738)	2,703	(828)	145,522
Finance costs						(190)
Profit before taxation						145,332
Taxation						(41,953)
Net profit for the period						103,379

As the revenue of the Matrix Concepts Group for the financial period ended 30 September 2021 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

A8. Industry outlook – Malaysian property sector

The property market performance recorded a significant increase in the first half of 2021 (H1 2021) compared to the same period last year (H1 2020). A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to the same period last year. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6% respectively. The residential sub-sector led the overall property market, with 65.8% contribution. This was followed by agriculture sub-sector (18.9%), commercial (7.5%), development land and others (5.9%) and industrial (1.8%). In terms of value, residential took the lead with 55.6% share, followed by commercial (17.6%), industrial (10.4%), agriculture (8.9%) and development land and others (7.4%).

There were 92,017 transactions worth RM34.51 billion recorded in the review period, increased by 22.2% in volume and 34.7% in value year-on-year. Performance across the states improved in the review period. All states recorded higher market volume except for WP Putrajaya. The four major states namely Wilayah Persekutuan Kuala Lumpur, Selangor, Johor and Pulau Pinang recorded an increase of 19.8%, 38.0%, 4.8% and 41.3% respectively. These four major states formed about 50% of the total national residential volume.

Residential property

In the primary market, the number of new launches in the first half-year were far behind those recorded in similar half of 2020. There were 16,660 units launches, down by 34.0% against 25,227 units (revised) in H1 2020. Against H2 2020, the new launches were lower by 24.1% (H2 2020: 21,951 units). Sales performance for new launches recorded at 24.7%, better compared to H1 2020 (revised 12.9%) and H2 2020(17.0%). The improvement in sales performance probably attributed to various measures by the Government such as incentives of the Home Ownership Campaign (reintroduced from 1 June 2020 – 31 Dec 2021) and low overnight policy rate. Selangor recorded the highest number of new launches in the country, capturing nearly 24.7% (4,114 units) of the national total with sales performance at 26.2%. Wilayah Persekutuan Kuala Lumpur recorded the second highest number (3,651 units 21.9% share) with sales performance at 3.5%. Johor came third (2,187 units, 13.1% share) with sales performance at 49.8%. Terraced houses dominated the new launches. Single storey (2,624 units) and 2-3 storey (5,455 units) together contributed 48.5% of the total units with sales performance at 32.4%, followed by condominium/apartment units at 41.4% share (6,893 units) with sales performance at 16.3%.

In the first half of 2021, the residential overhang exhibited a moderated growth. A total of 31,112 overhang units worth RM20.09 billion was recorded, showing an increase of 5.2% and 6.2% in volume and value respectively against H2 2020. Likewise, the unsold under construction residential units saw an increase of 4.3% to 74,844 units compared to H2 2020 (71,735 units).

Commercial property

On the supply front, construction activity slowed down as indicated by the contraction in completions, starts and new planned supply, each down by 11.5% to 1,364 units, 39.1% to 1,130 units and 1.2% to 1,041 units respectively against similar period last year. Shop segment recorded 5,265 transactions worth RM4.13 billion, dominating 50.5% of the commercial property transactions and 37.8% of the total value. Both volume and value increased by 25.1% and 16.4% respectively compared to similar period last year. Selangor and Johor contributed higher market transaction volume to the national total, each with 17.4% (917 transactions) and 17.1% (899 transactions) market share. Two and two and a half storey shops captured 52.2% (2,749 transactions) of the shops’ market share. Shop sub-sector overhang declined in H1 2021. There were 6,844 units worth RM5.76 billion, indicating a slight decrease of 0.9% in volume but increased by 3.3% against the preceding half year. The unsold under construction recorded a decrease by 19.0% (4,361 units), while not constructed increased by 2.4% (235 units). On the supply front, construction activity slowed down as indicated by the contraction in completions, starts and new planned supply, each down by 11.5% to 1,364 units, 39.1% to 1,130 units and 1.2% to 1,041 units respectively against similar period last year. As end of June 2021, there were more than 542,000 existing shops with more than 30,000 units in the incoming supply and planned supply. Two to two and a half storey shops were dominant across all development stages.

Industrial

The industrial sub-sector recorded 2,562 transactions worth RM6.48 billion in the first half of 2021. Compared to the same period last year, the market activity increased by 29.4% in volume and 19.8% in value. Selangor continued to dominate the market with 35.7% (915 transactions) of the nation’s volume, followed by Johor and Pulau Pinang, each with 13.2% and 9.6% market share. Terraced factory formed 32.2% of the total industrial transactions, followed by vacant plots (27.6%), and semi-detached factory (22.4%). On the construction front, the industrial sub-sector remains on a low tone. Completions recorded 143 units, starts 300 units and new planned supply 306 units. As of end-June 2021, there were 118,708 existing industrial units with 4,388 units in the incoming supply and 6,731 units in the planned supply.

The acceleration of the National COVID-19 Immunisation Programme and the ability to achieve National Recovery Plan threshold across the states will see the reopening of more economic and social sectors in the fourth quarter of 2021. Supported by the implementation of various government initiatives and assistance, the property market is expected to be on the recovery path in line with the gradual economic recovery.

(Source: Property Market Report First Half 2021, Valuation & Property Services Department Malaysia, Ministry of Finance.)

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A9. Valuation of property, plant and equipment

There were no valuations carried out on property, plant and equipment of the Group during the financial quarter ended 30 September 2021 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 September 2021 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 30.09.2021 RM'000
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Contracted but not provided for:	
- Land held for property development	144,269

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 September 2021 under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A12. Significant event during the period

There were no significant events outside the ordinary course of business during the financial quarter ended 30 September 2021 that have not been reflected in these interim financial statements.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group during the financial quarter ended 30 September 2021 under review.

A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 30 September 2021.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 September 2021 under review and the financial year-to-date:

	Current quarter ended 30.09.2021 RM'000	Cumulative year-to-date 30.09.2021 RM'000
Purchase of building materials from related parties	2,759	8,748
Agency fees and purchase of marketing material from related parties	51	129
Rental payments made to related parties	71	142
Consultancy fees paid to related parties	145	285
Sales of property to related party	-	-

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.09.2021 RM'000	Corresponding quarter ended 30.09.2020 RM'000	Changes RM'000	%
Revenue	239,476	262,012	(22,536)	(8.6)
Gross profit	113,911	143,520	(29,609)	(20.6)
Profit before tax	70,367	102,604	(32,237)	(31.4)
Profit after tax	50,414	73,478	(23,064)	(31.4)

For the second quarter ended 30 September 2021, the Group recorded revenue of RM239.5 million, a decrease of 8.6% from RM262.0 million in the previous year’s corresponding quarter. Revenue remained healthy despite the impact of the MCO3.0 and Full MCO for about 6 weeks, as the Group expedited its construction activities after restrictions on the sector was lifted in August 2021.

The Group’s flagship Sendayan Developments remained the main revenue contributor at RM211.3 million, growing 9.8% from RM192.4 million reported last year. Meanwhile, contribution from the Group’s Klang Valley development project decreased by 17.8% to RM10.6 million from RM12.9 million previously, while the Group’s Bandar Seri Impian developments in Johor saw a 72.1% decline to RM10.1 million from RM36.2 million last year, impacted by the Movement Control Order from June to August 2021.

The Group continued to benefit from the unabated market demand for well-priced, quality landed homes, with 81.8% or RM195.9 million of its revenue for the quarter derived from the residential property segment. In addition, revenue generated from the sales of industrial properties increased to RM30.6 million from RM26.7 million last year. Meanwhile, revenue from investment properties, encompassing both the Group’s education and hospitality units, decreased by 25.5% to RM5.8 million from RM7.8 million previously.

The Group’s gross profit for the quarter declined 20.6% to RM113.9 million from RM143.5 million previously, attributed to lower margins from its latest development series of Laman Sendayan 1 & 2, which are currently at the early phases. The Group also registered 21.4% higher selling and marketing expenses of RM19.3 million compared to RM15.9 million previously, due to increased marketing activities for the quarter.

Group profit after tax decreased to RM50.4 million, down 31.4% from RM73.5 million previously, while net margin reduced to 21.0% as compared to 28.0% in the previous year’s corresponding quarter.

While the MCO 3.0 and Full MCO affected businesses including the property sector, the Group managed to secure RM350.3 million of new property sales for the quarter, driven by healthy demand for its new launches at Sendayan Developments. In addition, the Group’s unbilled sales of RM1.1 billion as at 30 September 2021 provides earnings visibility over the next 12-15 months.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 30.09.2021 RM’000	Preceding quarter ended 30.06.2021 RM’000	Changes RM’000	%
Revenue	239,476	163,437	76,039	46.5
Gross profit	113,911	80,540	33,371	41.4
Profit before tax	70,367	42,680	27,687	64.9
Profit after tax	50,414	30,476	19,938	65.4

The Group recorded revenue of RM239.5 million for the second quarter ended 30 September 2021, an increase of 46.5% from RM163.4 million in the preceding quarter ended 30 June 2021. This was attributed to the Group’s expedited construction activities and new property launches, as operating conditions improved while various states enter Phase 3 and 4 of the National Recovery Plan since August 2021.

In line with the improved revenue, gross profit increased 41.4% to RM113.9 million from RM80.5 million in the preceding quarter. Meanwhile, profit before tax stood at RM70.4 million, an increase of 64.9% from RM42.7 million in the preceding quarter. Group profit after tax stood at RM50.4 million, growing 65.4% from RM30.5 million reported in the preceding quarter.

B3. Prospects

Despite the challenges faced during July to August 2021 under the lockdown measures of the Full MCO, Matrix Concepts continued to exhibit resilience with commendable sales performance, aided by broadened sales channel through use of digital solutions such as social media platforms. The Group is focused on delivering quality properties at great value, particularly residential products within the RM500,000 price range to address the unabated healthy demand at its townships.

With the upliftment of economic activity restrictions in the country, businesses are looking forward to a recovery of the nation’s economy. In anticipation of this, the Group is on track to replicate last financial year’s swift return to normal operations, by expediting construction activities to catch up on development schedule.

Going forward, the Group’s objective remains dedicated on enhancing its township developments of Sendayan Developments, comprising Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan in Negeri Sembilan, and Bandar Seri Impian (BSI) in Kluang, Johor. This includes improvement to amenities and infrastructure to support vibrant community living, as well as landbanking efforts to expand future launch pipeline.

To enhance long-term sustainability in the property development segment, the Group has embarked on diversification of its revenue stream beyond Negeri Sembilan and Johor by expanding its domestic project portfolio to Klang Valley, and internationally, in Melbourne, Australia and Jakarta, Indonesia.

Following the successful expansions outside Seremban, the Group continues to reinforce its international reach and further strengthen its brand as a premier developer. The Group’s second development in Australia – M. Greenvale in Melbourne, which launched in 2020 featuring residential lots situated on a 9.7-acre land with GDV of AUD27.8 million, was fully sold as at 31 March 2021.

Meanwhile, the Group’s investment into the Menara Syariah development in Pantai Indah Kapuk 2, Jakarta, Indonesia, undertaken together with Indonesian conglomerates Agung Sedayu Group and Salim Group, has reached construction progress of 25%, with targeted completion in the financial year ending 31 March 2023.

The Group remains cautiously optimistic of maintaining healthy performance for the financial year ending 31 March 2022, backed by encouraging demand for ongoing developments, the extension of Home Ownership Campaign until 31 December 2021 by the Housing and Local Government Ministry, and low interest rate environment we are currently in with overnight policy rate of 1.75%.

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Additionally, the property sector is expected to benefit from the Government’s initiatives under the proposed Budget 2022, such as the allocation of RM2 billion through the Housing Credit Guarantee Scheme under the Pemilikan Rumah Kediaman Initiative, as well as abolishment of Real Property Gains Tax for houses disposed of from the sixth year onwards by Malaysians and permanent residents. We believe this would be a potential catalyst to bolster the purchasing power of new and existing homeowners.

B4. Profit guarantee or profit forecast

No profit guarantee or profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Current quarter ended 30.09.2021 RM’000	Cumulative period-to-date 30.09.2021 RM’000
Current tax expenses	19,250	30,707
Under provision of income tax in prior years	-	-
Deferred tax income	703	1,450
	19,953	32,157

The Group’s effective tax rate of 28.5% for the financial period ended 30 September 2021 under review was higher than the statutory corporate tax rate of 24.0% due to the non-recognition of deferred tax assets for certain temporary differences and non-deductible expenses for tax purposes.

B6. Status of corporate proposals

(i) Proposed acquisition of vacant agriculture and held under separate individual titles, located within Bandar Sri Sendayan, Negeri Sembilan Darul Khusus by Matrix Concepts (NS) Sdn Bhd (“MCNS”) (“Proposed BSS Acquisition”)

The Company had on 22 November 2019 announced that MCNS, a wholly-owned subsidiary of Matrix Concepts has between the period of 28 September 2018 to 22 November 2019, entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 86 parcels of vacant agriculture land of various sizes held under separate land titles situated in Bandar Sri Sendayan, Negeri Sembilan Darul Khusus measuring altogether approximately 68.24 hectares for an aggregate cash consideration of approximately RM73.4 million.

The Company had on 26 February 2020 announced that MCNS has entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 84 parcels of vacant agriculture land of various sizes held under separate land titles situated in Bandar Sri Sendayan, Negeri Sembilan Darul Khusus measuring altogether approximately 67.94 hectares for an aggregate cash consideration of approximately RM73.1 million.

Please refer to the Company’s announcements dated 22 November 2019, 27 November 2019 and 26 February 2020 for further information on the Proposed BSS Acquisition.

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- (ii) **Acquisition of 6,800,000 ordinary shares (“Sale Shares”) in Matrix IBS Sdn Bhd (“MIBS”) by Matrix Concepts from Nissin Ex. Co, Ltd and Nihon House Corporation for a total cash consideration of RM2,301,363.40 (“Proposed MIBS Acquisition”)**

The Company had on 17 November 2021 announced that Matrix Concepts had entered into a Share Sale Agreement with Nissin Ex. Co, Ltd (“NECL”) and Nihon House Corporation (“NHC”) to acquire 4,080,000 Sale Shares and 2,720,000 Sale Shares respectively, representing the remaining 20% equity in MIBS not held by Matrix Concepts, for a total cash consideration of RM2,301,363.40.

Please refer to the Company’s announcement dated 17 November 2021 for further information on the Proposed MIBS Acquisition.

B7. Status of utilisation of proceeds raised

The Company did not raise any proceeds from the issuance of new securities during the financial quarter ended 30 September 2021.

B8. Group borrowings and debt securities

The Group’s borrowings as at 30 September 2021 are as follows:

	Unaudited as at 30.09.2021 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	39,382
Bank overdrafts	-
	<u>39,382</u>
<u>Unsecured:</u>	
Commercial papers	20,000
Medium term notes	40,000
	<u>60,000</u>
Total short-term borrowings	<u>99,382</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	67,540
<u>Unsecured:</u>	
Medium term notes	90,000
Total long-term borrowings	<u>157,540</u>
Total Borrowings	<u>256,922</u>

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The Group’s borrowings are denominated in Malaysian Ringgit and Australian Dollar, the breakdown of which is as follows:

	Unaudited
	as at
	30.09.2021
	RM’000
Malaysian Ringgit	247,642
Australian Dollar	9,280
Total	<u>256,922</u>

B9. Changes in Material Litigation

There was no material litigation involving the Group as at the date of this report.

B10. Dividends

The Board of Directors of the Company has on 25 November 2021, declared a second interim single tier dividend of 3.00 sen per Matrix Concepts Share held for the financial year ended 31 March 2022, to be paid on 6 January 2022 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 22 December 2021.

On 7 October 2021, a first interim single tier dividend of 2.00 sen per Matrix Concepts Share for the financial year ending 31 March 2022 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 23 September 2021.

B11. Earnings Per Share

(i) Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company and divided by the weighted average number of ordinary shares in issue during the period under review.

	Current Quarter Ended		Cumulative Period-To-Date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to equity holders of the Company (RM’000)	51,289	75,063	82,981	106,118
Weighted average number of ordinary shares (‘000)	834,232	834,230	834,232	834,230
Earnings per share (sen)	6.15	9.00	9.95	12.72

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 30 September 2021 and 30 September 2020 as the Company does not have any convertible securities.

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B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(671)	(1,014)	(877)	(2,114)
- Other income including investment income	(1,764)	(735)	(2,219)	(1,405)
- Interest expenses	650	40	1,412	190
- Imputed interest	-	-	-	-
- Depreciation of property, plant and equipment and right of use assets	2,600	2,881	5,456	5,653
- Receivables written off	-	-	-	-
- Inventories written off	-	-	-	-
- Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
- Impairment of assets	-	-	-	-
- Realised gain/(loss) on foreign exchange	-	-	-	-
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(298)	(787)	(796)	(951)

There were no exceptional items for the current quarter under review.

B13. Auditors' report

The auditors' report for the preceding audited financial statements was not subject to any qualification.

B14. Authority For Issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 November 2021.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 25 November 2021